

**Expanding Services to Children, Youth and Their Families in Watts**

As a follow up to the motion approved on November 22, 2011, The Children's Institute, Inc. (CII) seeks to expand services for children and youth and their families in the Watts community by occupying the former South Health Center ("Premises"). Pursuant to this motion (Attachment 1), the Board of Supervisors (Board) approved a twenty-year gratis lease agreement for CII to Lease the Premises, with an option to renew for two additional five-year terms upon the Board's approval (the "Lease"). Based on additional due diligence performed by CII subsequent to the approval of the Lease by the Board, CII anticipates spending in excess of \$7,000,000 during the term of the Lease to improve the Premises and make the Premises useable for its purposes. Based on this anticipated substantial investment in the Premises by CII, it is critical to CII and its current and future donors that it has the long-term right to use the Premises, that the County of Los Angeles not have an option to terminate the Lease upon one year notice and that CII have an option to purchase rather than a right of first refusal.

**THEREFORE, I MOVE THAT THE BOARD OF SUPERVISORS**, as authorized by Government Code Section 26227, amend the originally approved directive as indicated by the strike-outs and new underlined language below so it instead reads as

**- MORE -**

MOTION

MOLINA \_\_\_\_\_

RIDLEY-THOMAS \_\_\_\_\_

KNABE \_\_\_\_\_

ANTONOVICH \_\_\_\_\_

YAROSLAVSKY \_\_\_\_\_

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**  
**JULY 10, 2012**  
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follows:

1. Find that approximately 19,000 square feet of space at 1522 East 102<sup>nd</sup> Street, Los Angeles, California 90002 is not needed for Los Angeles County purposes;
2. Find that the programs and services provided to the local community by the nonprofit Children's Institute, Inc. serve public purpose which benefit Los Angeles County and its residents;
3. Find that the issuance of a twenty-year Lease agreement with the Children's Institute, Inc. is categorically exempt from CEQA pursuant to CEQA guidelines 15301 (Existing Facilities) and Class 1 of the County's Environmental Reporting Procedures and Guidelines; and
4. Direct the Chief Executive Officer or his designee to negotiate appropriate Lease terms and instruct the ~~Mayer~~ Chairman to sign a gratis Lease with the Children's Institute, Inc. for twenty years with an option to renew for two additional five – year terms upon the Board's approval for approximately 19,000 square feet of space and unreserved parking. Additionally, the Lease shall be contingent upon the Children's Institute, Inc.'s acceptance of the premises in the current "as is" condition and the assumption of complete financial and legal responsibility for maintenance and operation of the space. ~~The Lease shall also retain an option for the County to terminate by providing a one year notice and shall provide the Children's Institute, Inc. with the right of first refusal (along with reasonable consideration of any capital improvements) should the County decide to sell the property.~~ Neither party shall have the right to terminate the Lease prior to the expiration of the term, or any extension of the term, except upon a default by the other party or by mutual written consent. Children's Institute, Inc. shall have an option to purchase the Premises at any time during the term of the Lease or any applicable extension term ("Option"). The purchase price for the Option shall be determined as follows:
  - a. The County of Los Angeles and Children's Institute, Inc. shall jointly

select a mutually acceptable MAI appraiser with at least 5 years' experience appraising property in the Watts area, to appraise Premises in its current condition as of a date at least 30 days prior to the anticipated commencement date of the Lease, which appraisal shall take into account any use restrictions that will be imposed on the Premises should the Children's Institute, Inc. purchase the Premises ("Existing Appraised Value").

b. The purchase price shall be the greater of: (i) the Existing Appraised Value less the aggregate consideration paid by Children's Institute, Inc. for any capital improvements made by Children's Institute, Inc. to the Premises during the term of the Lease prior to Children's Institute, Inc.'s exercise of its option to purchase, or (ii) an established purchase price of \$250,000.

c. The conveyance is conditioned upon a restrictive deed condition being placed in the conveying quitclaim deed which stipulates that the Premises will be used for community services dedicated to serve children, youth and their families for a period of forty years from the date of occupancy.

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